

MAKING HOTEL RESERVATIONS ONLINE: A CONTENT ANALYSIS OF U.S. TRAVELERS' COMMENTS

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Abstract

As a substantial portion of online room reservations continues to be made via intermediary travel Web sites, the American hotel companies deploy large amounts of resources to attract travelers to their Web sites through lowest guaranteed rates, direct connections with agencies and corporate clients, and industry partnerships. This article reports the results of a study that investigated travelers' comments about their reservation experiences via hotel-owned and intermediary Web sites. The study revealed that the travelers had more favorable views of intermediary Web sites rather than hotel-owned Web sites. Travelers' comments addressed the need for lowest room rates online, easy to use reservation tools, comparisons of room rates across properties within a destination, and security of online transactions. Hotel brand and travelers' experience with online reservations have not been found to play a substantial role in travelers' Web site preferences.

Key words: brand, online reservations, security.

Jel classification: C42, C93, D23, L14, L86, M37.

1. INTRODUCTION

The travel industry is becoming one of the largest electronic commerce domains, accounting for approximately one third of the total number of transactions (Toulantas, 2003). Perceived as a fast-growing opportunity, the Internet has been viewed by many travel organizations as an innovative and competitive marketing tool in providing travelers with travel-related information and online transaction opportunities (Doolin, Burgess, & Cooper, 2002).

Despite the growing online market, hotel companies still have not found an efficient way to persuade travelers to reserve rooms directly on hotel-owned Web sites. This is primarily due to the lack of reliable Internet strategies, ineffective online distribution, and the proliferation of online intermediaries. In this global online distribution environment, both hotels and intermediaries are in need of their counterparts to be successful. As a substantial portion of online room reservations has

been made via the intermediary travel Web sites, hotels have been making great efforts to attract travelers to their Web sites through lowest guaranteed rates, direct connections with agencies and corporate clients, and industry partnerships (PriceWaterhouseCoopers, 2003). All these strategies adopted by the hotel industry caused substantial modifications in the companies' marketing mix, in particular, distribution (Webb, 2002).

Hotel companies have been actively involved in multi-channel distribution in order to sell products and services more efficiently using a combination of traditional and electronic channels. As not all channels represent a good match for the organizations, it is important to rely on the channels that best match the organizational goals (O'Connor & Frew, 2003).

However, simultaneous use of a wide variety of distribution channels causes variation in the room rate structure. Thus, selling rooms via online intermediaries often means deep discounting, resulting in price erosion among distribution channels, which makes hotel companies encourage travelers to make direct online reservations on hotel-owned Web sites. Due to their strong advertising power, it became easy for intermediaries to increase their hotel room sales fast at lower rates than those of the hotel-owned Web sites or traditional travel agents. Despite hotels' efforts to encourage travelers to make reservations on their own Web sites, intermediaries have become more powerful than hotels in terms of Internet readiness and advertising power.

In this context, it is interesting to investigate under what circumstances online travelers use hotel-owned reservation Web sites or intermediary Web sites. Thus, the purpose of this paper is to explore travelers' experiences in using one type of Web site versus the other. Built on an extensive content analysis, this study had the following specific objectives:

- To investigate what makes travelers revisit and make reservations on hotel-owned and intermediary Web sites.
- To gain more insight into travelers' experiences with online reservations, and
- To formulate a set of directions for the industry based on travelers' comments.

2. REVIEW OF LITERATURE

The popularity of the Internet and related information technologies represents a preference topic in literature as both researchers and industry practitioners believed that the Internet would change the nature of businesses, markets, and the economy in a profound way (Biswas & Krishnan, 2004). In an early study, Weiner and Brown (1995) predicted potential social changes like demographic shifts, the need of saving time, and proliferation of product information and their impact on the acceptance of the Internet as a new marketplace. Later, particular attention has been paid to Web site characteristics and optimization (Jeong & Lambert, 2001; Morrison & Harrison, 1998), Web users' socio-demographic profiles (Tierney, 2000; Weber & Roehl, 1999), and use of Internet for travel arrangements (Chung & Law, 2003), and impact of the Internet on marketing (Biswas & Krishnan, 2004).

Traditional distribution was viewed as a way to physically move products and services from producers to consumers through a chain of processes in which each participant in the channel adds value to the final product or service (Hunt, Ray, & Wood, 1985). The distribution (marketing) channel was regarded either as a single entity (Anderson, 1965), a super-organization (Stern, El-Ansary, & Coughlan, 1996), or a complex social system (Balderston, 1964). The structure of distribution functions has two important components: (1) the physical distribution structure and (2) companies' marketing programs. Although the structure is fairly simple, complications may arise when companies attempt to select simple, effective, and easy-to-manage distribution structures and, at the same time, engage in strong marketing plans for competitive markets.

Electronic distribution has several notable advantages over the traditional distribution (Hoffman & Novak, 1996). First, the Internet created an opportunity for hotels to sell and advertise online and use a cheap distribution system. Second, the traditional functions performed by most participants in the traditional distribution channels were transformed under the electronic distribution channels to adapt to the newer and more dynamic environment. Third, a new group of companies, represented by the technology firms, became integrated in the distribution channel, and finally, the Internet has created an opportunity for hotels to reduce their mass advertising and concentrate on customized marketing messaging (Lau, Lee, Lam, & Ho, 2001).

Identifying the effects of firms' switching from traditional to electronic distribution and the new types of inter-firm relationships within the electronic distribution was a continuous preoccupation for the research community (Carroll & Siguaw, 2003). Hotel chains reduced the overall cost of distribution, resulting in higher profits while providing travelers with lower room rates. Also, within the electronic

distribution channel, hotels are encouraging travelers to make reservations on the hotel chain's Web site rather than on an intermediary Web site, as a way to diminish the cost of distribution and increase traveler retention. Intermediaries add significant cost to the final products and services and if they do not add sufficient value to the final product or service, eventually they may be eliminated from the channel (Jantan, Ndubisi, & Yean, 2003).

Although hotels perceive electronic distribution as superior to traditional distribution, the contemporary distribution channels still have faced weaknesses, such as conflict among channel members (Lau, et al., 2001). Given these weaknesses, Lau et al. proposed an ideal marketing plan based on cost minimization, maximization of marketing effectiveness, and tight control of the channel by establishing direct channels to targeted potential consumers with customized messages. Based on the industry's strong effort to implement the marketing plan, Travel Industry Association of America (2004) identified that the customized-message method appeared to be one of most effective techniques in the electronic distribution channel. As seen, both hotel and intermediary marketers use a variety of tools to encourage travelers to use their Web sites for reservations. However, despite these efforts, the circumstances under which travelers make their choice are not completely understood.

3. METHODOLOGY

An online field survey was conducted with 11,387 undergraduate and graduate students from a large U.S. university. The sample was split randomly into two subsamples, each subsample being attributed only to a distribution channel (hotel-owned or intermediary Web site). In each subsample, respondents were subject to a similar task: first, browse one of the five given Web sites, second, suppose making a hotel reservation on the chosen Web site for an upcoming trip, and then, complete a questionnaire. The first subsample, called the "hotel" subsample, visited only hotel-owned Web sites, while the other subsample, called the "intermediary" subsample, visited only intermediary Web sites. Five hotel companies were chosen for this study, based on their rankings by number of rooms, such as Best Western, Holiday Inn, Comfort Inn, Marriott, and Sheraton (MKG Consulting, 2005). Five intermediary Web sites were selected based on their popularity: Expedia, Travelocity, Orbitz, Hotwire, and Hotels (Melvin, 2005). Both subsamples used the same questionnaire.

Ample space in the electronic questionnaire was provided for respondents to comment on two important issues: (1) to what extent they would revisit the Web sites, and (2) their overall reservation experience. To analyze the comments of travelers with

respect to their reservation experience, content analysis was used. According to Berelson, (1952), content analysis is a technique used in objective, systematic, and quantitative description of communication. In this study, a number of comments were analyzed. Stemler (2001) argued that content analysis is a good technique for determining trends and patterns in text. The analysis was done in the following steps: (1) respondents' comments were coded according to a few keywords and (2) these key words were later analyzed to reveal any possible trends.

4. RESULTS

Of 11,387 contacted, 914 respondents participated in this study, resulting in a response rate of 8.02 percent. There were 465 usable responses for the hotel subsample and 449 for the intermediary subsample. As shown in Table 1, the sample consisted predominantly of females (approximately 68 percent), between 19 and 21 years old (approximately 63 percent). An interesting result was found with respect

to respondents' familiarity with the Web sites. Thus, approximately three quarters of them seemed to have visited the intermediary Web sites, but only around a quarter have visited the hotel-owned Web sites prior to this study. The respondents were asked a few questions about their Internet experience with online reservations as well as their general Internet behavior. The majority of respondents (64.5 percent) used the Internet less than five hours a day. Due to a relatively low response rate, this study tested non-response bias of the sample by comparing all measurement items between the first and the last 50 respondents and no significant differences were observed. Although a sample of actual hotel travelers was preferable for this study, students were used for three reasons: (1) this study focuses on Web site usage, in which a student sample could provide useful information due to their familiarity with the Internet, (2) students are very likely to be intensive Internet reservation makers in the future (Chung & Tan, 2004; Oh, 2000), and (3) by using students, the computer literacy variance is expected to be small.

Table 1. Demographic profile of respondents

	Hotel subsample (%)	Intermediary subsample (%)
Gender		
Male	32.9	33.2
Female	67.1	66.8
Age		
19-21	62.4	63.2
22-25	29.2	26.1
26 or older	8.4	10.7
Internet experience		
Limited	44.5	47.4
Moderate	45.4	43.4
Extensive	10.1	9.2
Time spent on the Internet daily		
1-4 hours	65.8	63.5
5-10 hours	24.7	27.8
11 or more hours	9.5	8.7
Previously visited the Web site		
Yes	27.1	78.6
No	72.9	21.4
Reservation made in the past year		
1-5	95.3	94.9
6-10	3.9	4.0
11 or more	0.9	1.1

In both subsamples, the respondents commented largely about the ease of using Web sites in their experiences. As Table 2 shows, ease of use accounted for approximately a half of the respondents' comments. A large number of comments were related to rate comparisons – an issue that has been discussed as a suggestion to the hotel-owned Web sites. Additionally, approximately 14 percent of

the comments discussed online security as a main concern.

Table 2. Summary of respondents' comments about their reservation experience

Comments	Number of comments	
	Hotel subsample	Intermediary subsample
Web site ease of use	59	49
Rate comparison	21	2
Security concerns	17	11
Other comments	10	16
Total	107	78

The respondents have been asked to describe briefly what would make them revisit the Web site, and to provide their comments about the reservation process. When asked what would make them come back to this type of Web sites, the respondents who visited the hotel- owned Web sites responded that, in general, the cheap deals and discounts would make them come back. The words used most often by the respondents were “easy” (38 occurrences), “discount” (35 occurrences), and “deal” (21 occurrences). Other words describing the convenience nature of this experience were also recorded: “good” (16 occurrences), “cheap” (16 occurrences), “promotional” (9 occurrences) and “free” (7 occurrences). Multiple combinations of these words were noted, as most travelers reported that they would come back for “cheap deals and discounts”, “good rates”, or “discounts on rooms”. The travelers have not mentioned brand names, a finding that seems reasonable as these travelers are fairly young and not yet attached to any particular hotel brand or reward program. Also, many respondents indicated that they would come back because using such Web sites was really easy and straightforward.

When asked to comment about the overall reservation experience on the hotel-owned Web sites, the respondents stated that it was an easy (28 occurrences), good (20 occurrences), and informative (10 occurrences) experience. The word “brand” appeared only once in the entire comment section. In general, respondents addressed the ease of use of the hotel-owned Web sites. Despite their unfamiliarity with these Web sites, the respondents were pleasantly surprised that these Web sites were convenient, fast, and easy to use. However, there have been a number of comments in which the respondents expressed their disappointment with the hotel-owned Web sites, in that they could not compare room rates across different properties at the same destination. Thus, the respondents indicated that although the hotel- owned Web sites were user-friendly, they did not provide them with a very popular expected benefit, a cheap room rate. Another interesting issue raised by some of the respondents was online security. Although it seems that the hotel-owned Web sites are much more secure today than in the early Internet days, consumers still have concerns. Unfortunately, these security concerns impede them to materialize any transaction

online, but fortunately, these consumers search for travel information online and then use a traditional distribution channel to make the reservation. Thus, although the cheapest distribution channel (the Web site) is not used as a transactional tool, it still can be considered efficient in providing enough information to the traveler and persuading him/her to make a purchase decision.

In the intermediary subsample, the predominant word in the respondents' comments was “easy” (58 occurrences). Along the same lines, there were other comments about what would make respondents revisit these Web sites. Thus, words like “good” (28 occurrences), “discounts” (27 occurrences), “deal” (25 occurrences) and combinations of these words, such as “cheap prices” (11 occurrences), “good service” (5 occurrences), or “special deals” (11 occurrences). Other similar reasons were cited, such as “convenience” (8 occurrences), “quick” (8 occurrences), and “fast” (6 occurrences).

With respect to the overall reservation experience, the largest number of comments was related to these Web sites ease of use. The respondents commented not only about how easy to use the Web sites were, or how easy was it to navigate within the Web site, but also about the convenience of reservation tool. Also, a number of comments addressed the informational content of the intermediary Web sites. Thus, for many respondents, it seemed that the task of making a reservation was very easy.

Overall, in the intermediary subsample, it seemed that the predominant reason to revisit was the Web sites ease of use. It appeared that finding a good deal was not only useful, but also easy and exciting, to make online reservations. Offering the lowest room rates was another reason for respondents to revisit the Web site. Apparently, most respondents believed that the intermediary Web sites provided the best rates online.

Another important feature on the intermediary Web sites was the rate comparison across different hotel properties. Despite the low number of comments regarding rate comparison in the intermediary subsample, the intensity of arguments about why comparing rates was useful for respondents made a strong case for this feature. The respondents in the hotel subsample commented on the fact that they

would like to have an opportunity to compare rates for different properties at the destination prior to making a reservation online.

Other important comments referred to online security. Indeed, despite the industry's efforts to increase online security, a number of respondents indicated that they were afraid to engage in an online transaction. This result is consistent with what was found in the hotel subsample. In addition, another issue was of concern for respondents: due to the nature of the online distribution channel involving a multitude of companies, respondents feared that the reservation and transaction information might not be transmitted accurately to the hotel. Thus, many respondents suggested that they would only search for the relevant information online, and then call the hotel to perform the transaction, to make ensure that the reservation was completed satisfactorily.

Overall, the comments from both subsamples addressed that the intermediary Web sites were excellent for comparing rates across multiple properties and very easy to use. Despite minor suggestions in terms of functionality of the Web sites, in general, both types of Web sites were rated as good tools for those who wanted to find a good room rate on the Internet and make a reservation easily and effortlessly.

5. CONCLUSIONS AND IMPLICATIONS

This study's purpose was to explore travelers' experiences with using one type of Web site versus the other. Based on the comments from both subsamples, it was found that in general, the travelers are pleased with the tools put at their disposal by hotel and intermediaries. Despite minor differences in some aspects of the Web sites, especially in content, both types of Web sites have been perceived as a means to use for both searching for travel information and making online reservations easily.

Creating Web sites that are easy to use can be viewed as an important strategic tool by both hotels and intermediaries. However, based on the respondents' comments, it seemed that there were no major differences between hotel-owned and intermediary Web sites in terms of their ease of use. Thus, in the absence of a strong differentiating criterion such as easy to use, the companies should find other tools that can be transformed in competitive advantages.

One such difference was the possibility to compare rates across properties across destinations, a tool featured only on the intermediary Web site. Capitalizing on consumers' interest in comparing rates across properties, the intermediary Web sites can develop in this direction, as consumers view these tools very favorably. The fact that the rate comparison was a feature that was requested in both subsamples indicated that (1) respondents are rate sensitive and

they would opt for the best deal online, without much regard of the brand, and (2) they want to make more informed decisions, having consulted a variety of rates before making their final purchase decision.

Surprisingly, security was found as a major concern, for both hotel-owned and intermediary Web sites. Thus, the consequence for the marketers is to promote information search online and the use of the direct calls to the hotel. From this perspective, hotels can gain competitive advantages, as travelers who have security concerns may call the hotel directly to make the reservation.

This study provides the industry practitioners with a number of directions, by addressing travelers' needs in electronic distribution. Thus, both hotels and intermediaries should pay attention to increasing ease of use and security online. Travelers' comments indicated that ease of use is an issue of interest, regardless of the type of the visited Web site. Therefore, companies' presence on the Internet should focus on building Web sites that are user-friendly and allow travelers to learn how to use them easily, by providing highly visible navigational buttons, suggestive images, and easy to follow reservation engines.

It was also revealed that security had a strong influence on travelers' use of Web sites.

Therefore, online travel companies should focus on designing Web sites that are secure. Designers enhance their security features, such as privacy policy statements, third party security ratings, or consumer testimonials.

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